

# Joint Audit and Governance Committee



Report of Internal Audit and Risk Manager

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To: Joint Audit and Governance Committee

DATE: 9<sup>th</sup> July 2024

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To: Joint Audit and Governance Committee

DATE: 9<sup>th</sup> July 2024

## Internal audit update report Q1 2024/25

### Recommendation(s)

(a) That members review the results of recent internal audit work and monitor progress of management actions.

Implications (further detail within the report)	Financial	Legal	Climate and Ecological	Equality and diversity
	No	No	No	No
Signing off officer	N/A	N/A	N/A	N/A

### Purpose of Report

1. The purpose of this report is to summarise the outcomes of recent internal audit activity at both councils for the committee to review.
2. The committee is asked to monitor progress of management actions to ensure actions are completed correctly in the timescales originally offered by management, and that controls are managing risk more effectively.

- The contact officer for this report is Victoria Dorman-Smith, Internal Audit and Risk Manager for South Oxfordshire District Council (South) and Vale of White Horse District Council (Vale), email [victoria.dorman-smith@southandvale.gov.uk](mailto:victoria.dorman-smith@southandvale.gov.uk).

## Strategic Objectives

- Delivery of an effective internal audit function will support the councils in meeting their strategic objectives.

## Background

- Internal audit is an independent assurance function that primarily provides an objective opinion on the degree to which the internal control environment supports and promotes the achievements of council objectives. It assists the councils by evaluating the adequacy of governance, risk management, and controls. After each audit, internal audit has a duty to report to management its findings on the control environment and risk exposure and recommend changes for improvements where applicable. Managers are responsible for considering audit reports and taking the appropriate action to address control weaknesses.
- The Public Sector Internal Audit Standards (PSIAS) state that the head of internal audit should prepare a risk-based audit plan, which should outline the assignments to be carried out and the resource requirements to deliver the plan, for audit committee approval. The Joint Audit and Governance Committee (JAGC) approved the 2024/25 internal audit plan on 26 March 2024. The PSIAS also states that the head of internal audit must periodically report on performance relative to the plan.
- Overall assurance given by internal audit indicate the following:

Overall assurance definitions	
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

- In addition to providing overall assurance, it is important that management know how important the required action is to their service. Each action has been given a priority rating at service level with the following definitions:

Categorisation of actions	
<b>Priority 1</b>	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
<b>Priority 2</b>	Important findings that need to be resolved by management.
<b>Priority 3</b>	Finding that requires attention.

## Progress against the internal audit plan

9. **Overview:** Progress against the 2023/24 and 2024/25 internal audit plans is summarised in appendix 1 and appendix 2 respectively. From the 2023/24 plan, 11 audits have been completed, three audits issued in draft, and three audits in progress.

10. **Completed audits\*:** the following 11 audits were completed in quarter one:

No.	Audit	Overall Assurance	Management Actions				Not Agreed
			Total	Priority 1	Priority 2	Priority 3	
<b>Operational Audits</b>							
1	Elections and Election Payments 23/24	Reasonable	8	0	4	4	0
2	Travel & Subsistence 23/24	Reasonable	8	0	3	5	0
3	Complaints 23/24	Reasonable	10	0	5	5	0
4	Planning Appeals 23/24	Reasonable	10	0	5	5	0
<b>Financial Audits</b>							
5	Council Tax 23/24	Reasonable	2	0	1	1	0
6	HB&CTRS 23/24	Substantial	1	0	0	1	0
7	Accounts Payable 23/24	Substantial	1	0	1	0	0
8	Accounts Receivable 23/24	Substantial	2	0	1	1	0
9	Treasury Management 23/24	Substantial	1	0	1	0	0
10	NNDR 23/24	Substantial	1	0	0	1	0
11	General Ledger 23/24	Substantial	3	0	1	2	0
<b>Totals</b>			<b>47</b>	<b>0</b>	<b>22</b>	<b>25</b>	<b>0</b>

\*See appendix 3 for completed audit reports

## Other audit work

11. In addition to the planned internal audit work, the team have provided support in several other areas:

- a. **Government returns:** no government returns were due for review in quarter one.
- b. **Advisory work:** we sit on the South and Vale housing response, waste depot and transformation programme boards, and in quarter one have provided advisory support to the project teams.

## Management actions follow up

12. In line with the PSIAS, the chief audit executive (in these councils the internal audit and risk manager) must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. Responsibility to resolve issues and manage agreed actions lies with management.

13. Overall, we received a 100 per cent response rate from action owners, which is our highest response rate to date. We raised 73 new actions from the 11 audits completed in the quarter. 47 actions were implemented, and 210 actions are open. A total of 150 actions are past due, with 20 high risk actions in relation to the grounds and parks maintenance, mobile home parks, and health and safety audits (all from 2022/23).

14. Analysis of quarter one 2024/25 follow up activity is summarised below:

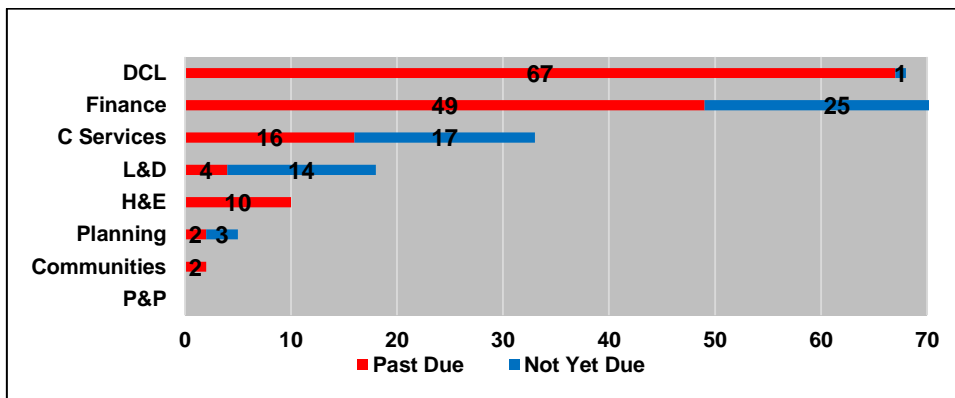
Audit year	Total actions	Q1 follow up activity				Open actions July 2024
		New Actions	Implemented	No Longer Applicable	Not Implemented	
2018/19	160	0	0	5	0	0
2019/20	210	0	3	0	9	9
2020/21	133	0	0	0	0	0
2021/22	135	0	3	2	11	11
2022/23	256	0	22	1	116	116
2023/24	100	73	19	1	74	74
2024/25	0	0	0	0	0	0
<b>Totals</b>	<b>994</b>	<b>73</b>	<b>47</b>	<b>9</b>	<b>210</b>	<b>210</b>

15. Analysis of open actions by year and status is summarised below:

Open actions July 2024		Not Implemented* (Past Due)				Not Implemented (Not Yet Due)			
Audit Year	No.	High	Medium	Low	Total	High	Medium	Low	Total
2019/20	9	0	6	3	9	0	0	0	0
2020/21	0	No open actions			0	No open actions			0
2021/22	11	0	10	1	11	0	0	0	0
2022/23	85	14	26	44	84	0	0	1	1
2023/24	1	0	0	0	0	0	1	0	1
Audit Year	No.	Priority 1	Priority 2	Priority 3	Total	Priority 1	Priority 2	Priority 3	Total
2022/23	31	6	20	5	31	0	0	0	0
2023/24	73	0	6	9	15	0	30	28	58
2024/25	0	No open actions			0	No open actions			0
<b>Totals</b>	<b>210</b>	<b>20</b>	<b>68</b>	<b>62</b>	<b>150</b>	<b>0</b>	<b>31</b>	<b>29</b>	<b>60</b>

\*See appendix 4 for details of the 56 medium/high and 33 priority 1/priority 2 actions that are not implemented and past due.

16. Analysis of open actions by service and status is summarised below:



## **Financial Implications**

17. The internal audit plan can be delivered from within the approved 2024/25 budget, therefore there are no financial implications attached to this report.

## **Legal Implications**

18. There are no legal implications from this report.

## **Climate and ecological impact implications**

19. This report is for information only and therefore there are no climate and ecological implications.

## **Equalities implications**

20. This report is for information only and therefore there are no equalities implications.

## **Risks**

21. Identification of risk is an integral part of all our internal audit work.

## **Conclusion**

22. This report provides a summary of outcomes of recent internal audit work.

## **Attached**

**Appendix 1** – Progress against the internal audit plan 2023/24

**Appendix 2** – Progress against the internal audit plan 2024/25

**Appendix 3** – Completed audit reports quarter one 2024/25

**Appendix 4** – Open management actions (past due, high or medium, and priority 1 or 2)